

Managing Halal Foods through Power Collaboration Between Supply Chain Actors

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Abstract

Labeling Halal foods must consider the difficulty to achieve the business goal by individual organizations because relationships between supply chain actors in Halal foods is affected by the power collaboration an entity to influence another entity to ensure quality assurance system. The purpose of this paper develops a conceptual framework of supply chain Halal foods with considering the power collaboration between supply chain actors from a literature review. The framework is conducted using the SCOR model as modeling tool to investigate the power collaborations between suppliers, manufacturers, distributors and buyers in producing Halal foods. Finding of this study provides a conceptual framework of supply chain Halal foods to develop effective collaborations within the partnerships. Further research suggests conducting other factors that can affect the supply chain Halal foods involving regulations for each region that implement the policy of Halal foods in greater detail.

Keywords: Halal foods, SCOR model, supply chain, power collaboration.

Introduction

Halal foods required to adopt the supply chain strategy from upstream to downstream to provide the best service in term of quality assurance system to the market. In this way, the buyer has sufficient confidence in consuming Halal foods through basis of trust in the Halal certification as shown on the consumer product or outlet such as a meat shop or restaurant. This certification provides assurance that the product involving the source and facility has been verified by an independent Islamic Certification Authority to be compliant with Shariah laws (Bonne and Verbeke, 2007). Nevertheless, to ensure in labeling Halal foods, the individual organizations must consider the collaboration between supply chain actors that is affected by the power an entity to influence another entity in producing Halal foods. Therefore, Katunzi (2011) revealed that for successful implementation of SCM practice, it depends on the need for breaking down barriers not only between internal issue and business processes, but also across companies within the whole supply chain.

Some researches noted the concept of power collaboration is defined as the ability of one entity to influence the strategies of another entity in order to achieve the effective workings in the relationships and success to gain the competitive advantage (Belaya et al, 2008; Ke and Kee Wei, 2008). Moreover, firms developed the collaborations between others supply chain actors in order to achieve efficiencies and competitive advantage in greater benefits for companies (Quesada et al, 2012). Indeed, supply chain practice gained considerable importance because it is difficult to achieve the business goal by individual organizations. Nevertheless, it is easily achieved through collaboration between supply chain actors (Koçoglu et al, 2011).

The aim of this study develops a conceptual framework of supply chain Halal foods with considering the power collaboration between supply chain actors from a literature review. The framework more is conducted using the SCOR model as modeling tool because this model able to manage the supply chain strategy that provides benefits for business process as networking that associated with suppliers, manufacturers, distributors and customers (Fitra et al, 2013). The paper reviewed several publications available was mainly conducted through online databases in order to search related articles about Halal foods, supply chain practice and power collaboration. Taking into account the limitations below, the total number of 50 papers was found in this study. In addition, the research considers only journal paper and other references published in the period 2000 to 2015. Obviously, this study is expected to be able to contribute in developing the conceptual framework of supply chain Halal foods based on power collaboration between actors of the supply chain.

Supply Chain Strategy

Supply Chain Operations Reference (SCOR) model is able to utilize the process reference in the supply chain strategy. Moreover, this approach is used as a set of key performance indicators (Singh et al, 2013), a modeling tool (Bolstorff, 2011), a benchmarking tool (Ambe and Africa, 2014). This method also is used to investigate the collaborations between suppliers, manufacturers and customers (Wang et al, 2010). In addition, for reengineering business process using SCOR model, it is done based on the stages that have been standardized involving *plan, make, source, deliver and return*.

SCOR model is a methodology that can facilitate the blending of business objective, strategy, process and technology in the supply chain (Gulledge et al, 2001). In addition, the SCOR model develops the business processes of an interconnected flow material between business networking as a modeling tool (Verdouw et al, 2010). The advantage of this model, users can design business chain and to develop strategies and improve on technology within a business process. Moreover, SCOR model defines the process into several levels (Cheng et al, 2009). Moreover, SCOR model is also a tool for benchmarking and configuring the strategy of the supply chain which emphasizes there are several measurements in supply chain management (Drzymalski et al, 2006). This measurement is a tool for benchmarking between companies and competitors (Yakovieva et al, 2009). Best practice is a way to improve and configure a set of supply chain processes. Improvement can be done through automation, technology, special skill applied in the process and unique method for distributing. Several software's provide modules to do best practice based on process at each level.

Power Collaboration

The concept the power collaboration adopted based on the marketing and competitive strategy concepts which it is frame thinking of five force competitive models by Michael Porter at 1980. Pother's five frameworks are a model to configure industry and its competitor in order to identify entity and interactions. There are five frameworks, basic of the competitive strategy model involving industry competitors, threat of substitute products, bargaining power of suppliers, bargaining power of buyers and threat new entrants. This model provides a simple perspective for assessing and analyzing the competitive strength and position of a corporation or business organization (Rachapila and Jansirisak, 2013). Some researches success to leverage Five Forces of Competitive Model to develop other models of competitive model (Jaradat et al, 2013; Grundy, 2013; Renko et al, 2011).

The collaboration between supply chain actors give impacts on competitive strategy. Lemke et al, (2003) studied at four engineering companies in Germany. They revealed manufacturer required to develop effective collaboration with other partnerships in order to provide the best service to the customer. Moreover, Mohanty and Gahan (2012) conducted in the Indian manufacturing sector. They found the role of the manufacturing shows that buyers and supplier becomes more crucial in building collaboration for long lasting partnership with supply chain partners. Thus, it is necessary to conduct the collaboration manufacture in term of competitive strategy in business process. Moreover, there are many partnerships to support firm or manufacturer to run the business process involving

suppliers, distributor and customer. Thus, the collaboration among supply chain actors is expected to determine the power position.

Previous studies on supply chain strategy that support power collaboration including the power of supplier, power of manufacture, power of distributor and power of buyer. Then, it also can be seen in Table 1. There is the power of the supplier to affect the manufacturer in order to push the product based on the supplier's forecasting. It means the supplier holds substantial power to affect company's margin and volume (Braak et al, 2013). According to Gadde and Snehota (2000), this condition occurs because there are very few suppliers of a particular product so it causes there are no substitutes of the product. Furthermore, the product is extremely important to the manufacture because they cannot run the production without product from the supplier. Echtelt et al (2008) evaluated long term and short term relationship with the supplier. It is helpful in understanding the certain collaborations are effective.

Table 1: Power collaboartion in the previous literature

Power Collaboration	Prominent Authors	Dimension and perspective on power
Supplier	Al-Abdallah et al (2014) Krause et al (2007) Echtelt et al (2008)	Cost, quality, flexibility, delivery, and on time product launch. Supplier development, commitment, social capital accumulation and buying performance. Long-term strategic processes and short-term operational processes.
Manufacturer	Mukhtar and Shaharoun (2002) Huang and Iravani (2005) Stojanova et al (2013)	The impact and position of a powerful player in supply chain strategy Production policy under selective-information sharing. Mass customization of finished product.
Distributor	Ng (2012) Chinomona and Pretorius (2011) Djafar et al (2013)	Information, quality, non-retrievable investments, goals, joint working and knowledge value. Trust, relationship commitment, relationship satisfaction and channel cooperation Power of distribution channel.
Buyer	Cox (2001, 2007) Auka et al (2013) Soliman (2011)	Power structure in procurement and supply management. Dimension of service quality involve tangibility, reliability, responsiveness, assurance and empathy. Structural relationship on customers, customer knowledge management, and marketing performance.

Moreover, improving the productivity in a business process can be achieved with the appropriate relationship between manufacturer and other entities such as suppliers, distributors and buyers (Parvatiyar and Sheth, 2002). Thus, it is expected there are the sharing of information between entities through a system. It means manufacturer and other entities conduct joint forecasting and jointly decides on time and size of the delivery (Mukhtar and Shaharoun, 2002). On the other hand, few enterprises do not require yet arranging in order to collaborate relationship between manufacturer and other entities. The company tends to pick up the production based on orders because there is no information sharing (Huang and Iravani, 2005). According to Mleczo (2011), most of this type considers high of variant product. In addition, some manufacturer produces the customize product to the customer (Stojanova et al, 2013).

Supply chain strategy face problems more complex when product delivered using long distribution channel. To design the optimum distribution strategy, the firm required to consider transportation issue involving cost, variability and transportation service provider (Djafar et al, 2013). Power collaboration with the distributor to be crucial part should be considered. To keep the service quality to the customer, the relationship model can be made in the form of agreement that is approved by the firm and distributor (Kim and Mahoney, 2006). In addition, violation of the agreement in the contract gets the punishment because it damages the relationship to win the market. Moreover, Ng (2012) noted that the developing sustainable relationship with distributor enable mutual benefits and improve competitiveness in the industry.

The activity of business process is determined by the buyer requirement because manufacturers produce a number of products from information of the buyer and the demand based on production capacity (Duffy and Fearne, 2004). It means the buyer gives pressure in the place on a business. In addition, according to Cox (2001), reason of the buyer has the power to switches for another product is simple. Therefore, there is a small number of buyers influence the sensitivity of buyer price. Moreover, there are many dimensions that affected the power of the buyer. Auka et al (2013) studied in retail banking in Kenya. The results indicate that several the dimensions of service quality to the customer have a positive and significant influence on customer loyalty.

Halal Foods

Halal is derived from the Arabic language which means authorized, legal, permitted and allowed to any object or activity that is used or implemented in the religion of Islam. This term is most often used to indicate the food and drinks that are allowed to be consumed by Islam based on the kind of food and how to obtain it. Therefore, Islamic laws prohibit the consumption of alcohol, pork, blood, dead meat, and meat which has not been slaughtered according to Islamic rulings (Zulfakar et al, 2011). These laws are binding and must be observed at all times. Especially for foods, it is the most strictly regulated of all products in Islam. In addition, Zulfakar et al (2014) noted that many of the foods prohibited by religions on a temporary or permanent basis are of animal origin.

Nowadays, to identify the critical Halal foods, the industries is pushed to control their products with certified Halal products through HACCP (Hazard Analysis Critical Control Points) in order to ideally yields guaranteed and trustworthy halal credence quality of foods. Moreover, this method is a worldwide recognized and applied quality assurance system within companies situated at different levels of the agro-food chain (Tiemann et al, 2012).

Halal foods represented a chain that mutually collaborate among supply chain actors and applied the same principles as conventional supply chain with special exception on the type of products that are been handled. Ab Talib et al (2015) revealed supply chain Halal food involves the process of planning, implementing and controlling the efficient flow and storage of Halal certified product from source to the demand point. It can be also referred to the process of managing the procurement, movement, storage and handling food products through the organization and the supply chain in compliance with the general principles of Sharia law.

Conceptual Framework of Supply Chain Halal Foods

This research developed the conceptual framework in managing Halal foods through power collaboration in between Supply Chain Actors. It is expected to give implications for any aspects such as industry, policy maker and scholar's knowledge in order to explore the concept supply chain Halal foods. Figure 1 shows the conceptual framework of supply chain Halal foods which it breakdown from SCOR dimension into power collaboration in Halal food processing.

SCOR Dimension	Power Collaboration	Halal Foods Processing
Source	Power of supplier	<i>Supplier :</i> <ul style="list-style-type: none"> - Breeding - Livestock Farming - Slaughter Process
Make	Power of manufacturer	<i>Manufacture :</i> <ul style="list-style-type: none"> - Meat Processing - Packaging - Labeling
Deliver	Power of distributor	<i>Distributor :</i> <ul style="list-style-type: none"> - Retailing and outlet - Transportation - Storage
Return	Power of buyer	<i>Buyer :</i> <ul style="list-style-type: none"> - Safety - Haelth - Quality assurance

Fig 1. Conceptual framework of supply chain Halal foods through SCOR model and power collaboration

The conceptual framework above focuses on the business process in of Halal foods which were then incorporated into the stages of process modeling using the SCOR Model. Although foods processing have similar the core business, they differed in operational strategy in production systems. Therefore, strategy of particular operations within the business process depended on type of collaborations in a supply chain (Miguel and Brito, 2011). Barber (2011) and Kähkönen (2014) revealed that there was some power position of collaborations in the strategy of the supply chain that affected the relationship between supplier, manufacturer, distributor and buyer. These relationships were constructed as power to emphasize certain supply chain actors. Thus, each actor can cooperate to optimize the supply chain network in order to reduce the costs of supply chain in the system (Mizgier et al, 2010).

Moreover, this conceptual framework found that power collaboration within supply chain actors in Halal Food is necessary to be considered in order to develop effective collaborations with the partnerships. Therefore, the actors must identify their own power position in the collaboration to provide the best service of Halal foods to the customer in run the business process. Noémi (2012) revealed in his study that the operation of a supply chain strategy cannot be described without investigating its collaborations.

Conclusions

This paper has explored in previous studies performed on the basis of the paper on Halal foods, supply chain strategy and power collaboration. As the result, this study has shown the development of a conceptual framework of supply chain Halal foods from a literature review to a conceptual framework. Therefore, the case study in Halal foods represented the supply chain of business processes that cooperate with other supply chain actors such as suppliers, manufacturers, distributors and buyers. To support this study, further research is suggested to consider other factors that can affect the supply chain Halal foods involving regulations for each region that implement the policy of Halal foods in greater detail. Moreover, the finding of this study should compare with the research

that success to adopt supply chain Halal foods in Islamic countries in order to validate this conceptual framework.

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